

1 **Q. Vander Weide Evidence – How does the bond rating of Newfoundland Power**
2 **compare to the average bond rating of Dr. Vander Weide’s two U.S. samples?**

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4 A. As shown in his Exhibit 5, Dr. Vander Weide’s comprehensive U.S. utility group has an
5 average Standard & Poor’s bond rating of “BBB+,” and his smaller U.S. utility group has
6 an average Standard & Poor’s bond rating of approximately “BBB+” to “A-.”
7 Newfoundland Power has a Moody’s issuer rating of “Baa1,” which is equivalent to the
8 S&P rating of “BBB+.” However, as Dr. Vander Weide notes at 22 – 23 of his written
9 evidence, bond ratings are a poor indicator of the risk of investing in a utility company’s
10 equity (see Table 1 at 23 in written evidence).